

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, on its own motion, to establish Nebraska Universal Service Fund guidelines for certain rural incumbent local exchange carriers which have dual state local exchange boundaries and a majority of subscribers located outside of Nebraska.

Application No. NUSF-45

QWEST CORPORATION'S INITIAL COMMENTS

Qwest Corporation ("Qwest") submits its initial comments as directed by the Commission's Order Opening Docket and Seeking Comment (the "*Order*") dated August June 28, 2005, as follows:

Qwest believes that formal policies and rules regarding NUSF assessment in border towns would add certainty and predictability to the NUSF system. Qwest believes, however, that the appropriate vehicle for implementing formal rules and policies is through the rulemaking process. The process afforded by NUSF dockets can provide the parties and the Commission with a valuable forum to discuss those proposed rules prior to the initiation of a formal rulemaking process, and Qwest accordingly looks forward to working with the Commission in this docket. Qwest cannot tell from the *Order* whether the Commission intends to have this docket be the beginning of a rulemaking process or a substitute for one. If it is the latter, Qwest urges the Commission to reconsider, and initiate a formal rulemaking process after gathering the information and comment it deems necessary and helpful in this docket.

As to the substance of the questions raised in the *Order*, Qwest responds as follows:

- 1. Should the Commission defer to the multi-state ILECs' primary state for Lifeline/Link-Up rules, regulations and orders? Please explain.**

No. If a customer is paying Nebraska rates, the NUSF surcharge should be paid. If a customer is paying another state's rates, the surcharge required for that state, if applicable, should be paid.

- 2. Should the Commission refrain from applying its other NUSF rules and regulations to the multi-state ILECs?**

- i. If so, please specify which rules and regulations.**
- ii. If not, please explain.**

As indicated above, the NUSF surcharge and all the accompanying regulations should follow the customer, regardless of the location of the carrier involved. This may mean that multi-state ILECs (as defined in the *Order*) must comply with more than one set of USF rules, but the Commission may lack the power to excuse carriers serving customers in other states from complying with those states' USF rules.

- 3. What standards should the Commission use to determine when the multi-state ILEC policy should apply? Such as, whether having the switch located in another state should be determinative.**

Qwest has a process in place to address the border town issue. Where the switch is located should not be determinative. Rather, as noted above, the determinative factor should be what state's rates a customer pays. Some of these

determinations are complicated, however, so Qwest believes any policies or rules adopted should allow for an exception to be requested from the PSC, in case practicality requires a different solution.

Dated Tuesday, August 16, 2005.

Respectfully submitted,

QWEST CORPORATION

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